

**Blackwood Corporation Limited ABN 31 103 651 538  
and Controlled Entity**

**Interim Financial Report**

**For the half year ended 31 December 2011**

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## Corporate Directory

### Directors

Barry Bolitho (Chairman)

Andrew Simpson

William Randall

Rex Littlewood

### Company Secretary

Patrick McCole

### Registered Office

Level 8, 102 Adelaide Street

BRISBANE QLD 4000

### Principal Place of Business

Level 8, 102 Adelaide Street

BRISBANE QLD 4000

### Country of Incorporation

Australia

### Auditors

BDO Audit (QLD) Pty Ltd

### Share Registry

Computershare Investor Services Pty Ltd

Level 2, Reserve Bank Building

45 St Georges Terrace

PERTH WA 6000

### Home Exchange

Australian Securities Exchange Limited

Exchange Plaza

2 The Esplanade

PERTH WA 6000

### ASX Code: BWD

*Blackwood Corporation Limited*

**ABN 31 103 651 538  
and Controlled Entity**

**Interim Financial Report**

**DIRECTORS' REPORT**

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2011.

**Directors**

The names of directors who held office during or since the end of the half-year:

Mr Barry Bolitho (Chairman)

Mr William Randall

Mr Andrew Simpson

Rex Littlewood (appointed 6 July 2011)

Mr Brendan McPherson (resigned 6 July 2011)

**Review of Operations**

On 21 December 2011, the company issued 24,700,000 shares to Janvel Pty Ltd (a subsidiary of Noble Group). 19,700,000 shares were issued for cash at \$0.20 per share to raise \$3,940,000. 5,000,000 shares were issued at \$0.20 per share in accordance with the terms of the Technical Services Agreement between the company and Janvel Pty Ltd. These shares were issued in accordance with Resolution 5 which was approved by shareholders at the Company's Annual General Meeting on 14 December 2011.

Brendan McPherson resigned as a director of Blackwood Corporation in July 2011. The board thanked Mr McPherson for his diligent service to the company, and wished him all the best for the future. Rex Littlewood was appointed as replacement Non-Executive Director. Mr Littlewood brings a wealth of experience to the company, having more than 30 years experience in the international coal market. Mr Littlewood is a former Vice President of Noble Energy, and was responsible for the development of their Asian Coal & Coke platform.

Mr Todd Harrington commenced as Chief Executive Officer of Blackwood on August 1, 2011. Mr Harrington has extensive experience in the Australian Coal Industry, and was formerly Manager – Geological Services for Xstrata Coal Queensland. Mr Harrington was responsible for over \$80 million of annual exploration expenditure, and added over 3 billion tonnes of JORC compliant coal resources to Xstrata's portfolio. The Company was also pleased to announce the appointments of Mr Mark Winsley as General Manager Queensland – Exploration, and Dr Joel Yago as Principal Geologist – International. Mr Winsley was formerly Exploration Manager for Hancock Coal, being responsible for the design and implementation of all exploration programmes, and was also a member of the Executive Management team for both pre and bankable feasibility studies. Dr Yago was previously Manager – Exploration and Mining for GeoConsult, a leading geoscience organization where he was responsible for more than 46 geologists. Dr Yago has also been involved with the CSIRO, being part of the design team for the Bowen Basin sedimentological and structural Bowen Basin "Super Model". The three appointees join existing GM Business Development, Brendan Schilling, in forming the senior management of the company.

A strategic review on all operations and assets was completed in August. The review has assisted the Company with accelerating the development of its 7 "Priority Projects". It has also provided a strategic plan for the further 11 "Pipeline Projects", aimed at delivering a stream of business opportunities to the Company.

The Company executed a Memorandum of Understanding with Queensland Rail Limited (**QR**) to jointly investigate the potential opportunity of coal export along the Mount Isa System from its Galilee projects via the existing rail infrastructure.

QR is the owner and operator of the Mount Isa to Townsville Railway System, controlling over 1,000km of track that currently predominantly carries heavy freight to and from the coast of Queensland. QR is responsible for the 'below rail' services such as track operations, access and maintenance of the Mount Isa System, which traverses the northern portion of Blackwood's 'South Pentland' project and lies approximately 55km from the 'North Hughenden' project.

The Company executed a Memorandum of Understanding with Port of Townsville Limited (**POTL**) to jointly investigate the potential opportunity of coal export from its Galilee projects through the Port of Townsville via both existing and new infrastructure.

POTL is the owner and operator of the Port of Townsville; a multi-commodity industrial port servicing industry in Far-North Queensland. The Port provides an excellent export opportunity, lying approximately 250km from Blackwood's 'South Pentland' project.

**Blackwood Corporation Limited**

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**Interim Financial Report**

**DIRECTORS' REPORT**

**Exploration Activities**

**SAFETY**

One reportable incident was recorded during the period with a worker experiencing a muscular strain.

**PROJECTS**

**South Pentland Project**

Drilling conditions at South Pentland continued to be difficult. The remainder of the phase one drilling program was completed; an additional 5 holes have now been planned aimed at investigation of a structural anomaly. Despite the difficult conditions, results were satisfactory and allowed the calculation of a substantial JORC Exploration Target of 2.1 to 3.6 Billion tonnes<sup>1</sup> of Thermal Coal, announced to the ASX on the 22<sup>nd</sup> of November 2011.

Further geological assessment and interpretation of historical data for this very large project area is ongoing and continued in to January 2012.

**North Hughenden**

An on-site exploration camp was established at the end of November, and one rig started drilling. Two holes were completed; one drilled out side the coal sub-crop returned barren of coal, and a second hole intersected coal at 80m and 100m, The crew had trouble getting casing in and then rain ended the year early. This hole is to be redrilled as a core hole in January.

**North Rolleston Project**

Blackwood also commenced the exploration drilling program at North Rolleston during Quarter 3. Four drill holes have been completed to date, targeting the eastern limb of the sub-cropping Rangal Coal Measures in this area. Exploration results have confirmed Blackwood's reinterpretation of the regional geology in this area and a single prospective coal target (1.92m seam) has been identified at 82m. This confirms the shallowing within our tenure, and constrained the target for future programs. It is hoped when Blackwood returns to Rolleston in 2012, the southern application tenures will have been granted (a number of which Blackwood is the priority applicant). These are both significant in size and potential. Once granted, this will grow Blackwood's Rolleston tenure position from 90km<sup>2</sup> to >1000km<sup>2</sup>, and potentially yield access to higher rank, semi-soft coking coal targets.

**Taroom Project**

Land access agreements are complete for the planned drilling on the Taroom Project. Wet weather in December prevented a start to drilling operations. Drilling expected to commence in January 2012 with 45 holes planned on the Taroom project area leases.

**Capella Project**

The Capella project remains ready to drill, but the weather in central Queensland has left very wet ground conditions. Drilling is still planned for 2012.

**Surat Basin, Chinchilla and Dalby**

A review of the historical "open file" data sets commenced in Q4 2011. This work and the subsequent geological modelling is ongoing, with over 2400 relevant bore holes found. The plan is to complete this work by Q1 2012, to allow targeted drill programs to be implemented in the second half of 2012.

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<sup>1</sup> Note: All references to Exploration Targets in this document are in accordance with the guidelines of the JORC Code (2004). As such, it is conceptual in nature and there has been insufficient exploration drilling to define a coal resource on the tenement, it is uncertain if further exploration will result in discovery of a coal resource on the tenement. Coal Quality Ranges are as follows (all on an air dried basis): Moisture 8.4-11.6, Raw Ash 9.5-34.2, Volatile Matter 21.5-32.6, Fixed Carbon 46.4-55.3, Total Sulphur 0.26-0.34

***Blackwood Corporation Limited***

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**Interim Financial Report**

**DIRECTORS' REPORT**

**Dingo Project**

The Dingo project comprises two EPC's west of Cockatoo Coal's Dingo Project. Blackwood is the priority applicant and is awaiting grant of EPC 1535. The target coal in the area is PCI coal, and after a review of the historic data, a drilling plan has been approved and land access discussions are scheduled for January 2012.

**Competent Persons Statement**

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Mark Winsley, who is a member of The Australasian Institute of Mining and Metallurgy.

Mr Winsley is engaged as General Manager – QLD Exploration of Blackwood Corporation Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results'. Mr Winsley consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

***Blackwood Corporation Limited***

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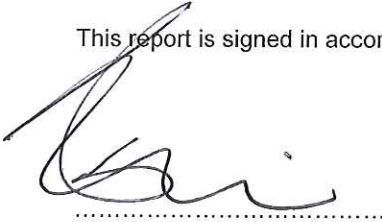
**Interim Financial Report**

**DIRECTORS' REPORT**

**Auditor's Independence Declaration**

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 7.

This report is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'Barry Bolitho', written over a dotted line.

Barry Bolitho

Director

Dated this 2 March 2012

**DECLARATION OF INDEPENDENCE BY DAMIAN WRIGHT TO THE DIRECTORS OF BLACKWOOD CORPORATION LIMITED**

As lead auditor for the review of Blackwood Corporation Limited for the half-year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Blackwood Corporation Limited and the entities it controlled during the period.



**D P WRIGHT**  
Director

**BDO Audit (QLD) Pty Ltd**

Brisbane, 2 March 2012



**Blackwood Corporation Limited**

**ABN 31 103 651 538  
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**Interim Financial Report**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED  
31 DECEMBER 2011**

	<b>Note</b>	<b>Consolidated Group</b>	
		<b>31.12.11</b>	<b>31.12.10</b>
		<b>\$</b>	<b>\$</b>
Revenue		190,617	80,317
Other income	2	89	1,005,224
Employee benefits expense		(586,202)	(854,575)
Depreciation and amortisation expense		(8,419)	(870)
Finance costs		(4,782)	(8,021)
Legal expenses		(112,709)	(49,180)
Administration and consulting expenses		(676,638)	(929,972)
Other expenses		(59,753)	(132,035)
<b>Profit/(loss) before income tax</b>		<b>(1,257,797)</b>	<b>(889,112)</b>
Income tax expense		-	-
<b>Profit/(loss) for the period</b>	2	<b>(1,257,797)</b>	<b>(889,112)</b>
<b>Other comprehensive income</b>			
Other comprehensive income for the period, net of tax		-	-
<b>Total comprehensive income for the period</b>		<b>(1,257,797)</b>	<b>(889,112)</b>

**Earnings per share**

— basic earnings per share (cents)	(0.8)	(0.9)
— diluted earnings per share (cents)	(0.8)	(0.9)

The accompanying notes form part of these financial statements.

**Blackwood Corporation Limited**

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**Interim Financial Report**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011**

	<b>Consolidated Group</b>	
	<b>31.12.11</b>	<b>30.06.11</b>
<b>Note</b>	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	7,271,992	9,346,260
Trade and other receivables	409,322	197,960
Other current assets	129,469	-
<b>TOTAL CURRENT ASSETS</b>	<b>7,810,783</b>	<b>9,544,220</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	107,574	35,030
Intangible assets	8,685	6,769
Exploration and evaluation assets	7,140,713	1,424,602
<b>TOTAL NON-CURRENT ASSETS</b>	<b>7,256,972</b>	<b>1,466,401</b>
<b>TOTAL ASSETS</b>	<b>15,067,755</b>	<b>11,010,621</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Trade and other payables	1,002,091	151,071
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,002,091</b>	<b>151,071</b>
<b>TOTAL LIABILITIES</b>	<b>1,002,091</b>	<b>151,071</b>
<b>NET ASSETS</b>	<b>14,065,664</b>	<b>10,859,550</b>
<b>EQUITY</b>		
Issued capital	3 46,622,005	41,682,005
Shares to be issued under the Technical Services Agreement	-	476,089
Reserve	1,420,254	1,420,254
Accumulated losses	(33,976,595)	(32,718,798)
<b>TOTAL EQUITY</b>	<b>14,065,664</b>	<b>10,859,550</b>

The accompanying notes form part of these financial statements.

**Blackwood Corporation Limited**

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**Interim Financial Report**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED  
31 DECEMBER 2011**

		<b>Shares to be issued under the Technical</b>			
	<b>Issued Capital</b>	<b>Services Agreement</b>	<b>Option Reserve</b>	<b>Accumulated Losses</b>	<b>Total</b>
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2010</b>	28,470,297	-	1,420,254	(31,187,786)	(1,297,235)
Loss attributable to members of the parent entity	-	-	-	(889,112)	(889,112)
Total comprehensive income for the period	-	-	-	(889,112)	(889,112)
Shares earned, yet to be issued	-	60,871	-	-	60,871
Share issued during the period	3 13,840,000	-	-	-	13,840,000
Share issue costs	(628,292)	-	-	-	(628,292)
<b>Balance at 31 December 2010</b>	<b>41,682,005</b>	<b>60,871</b>	<b>1,420,254</b>	<b>(32,076,898)</b>	<b>11,086,232</b>
<b>Balance at 1 July 2011</b>	41,682,005	476,089	1,420,254	(32,718,798)	10,859,550
Loss attributable to members of the parent entity	-	-	-	(1,257,797)	(1,257,797)
Total comprehensive income for the period	-	-	-	(1,257,797)	(1,257,797)
Shares earned, yet to be issued	-	523,911	-	-	523,911
Share issued during the period	3 4,940,000	(1,000,000)	-	-	3,940,000
Share issue costs	-	-	-	-	-
<b>Balance at 31 December 2011</b>	<b>46,622,005</b>	<b>-</b>	<b>1,420,254</b>	<b>(33,976,595)</b>	<b>14,065,664</b>

The accompanying notes form part of these financial statements.

**Blackwood Corporation Limited**

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**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED  
31 DECEMBER 2011**

	<b>Consolidated Group</b>	
	<b>31.12.11</b>	<b>31.12.10</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers (including GST)	89	5,729
Payments to suppliers and employees (including GST)	(1,435,255)	(7,162,366)
Interest received	190,617	74,588
Finance costs	(4,782)	(8,021)
Net cash (used in)/provided by operating activities	<u>(1,249,331)</u>	<u>(7,090,070)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property plant and equipment	(80,425)	-
Payments for investments	(2,454)	-
Payments for exploration and evaluation	(4,682,058)	(134,398)
Net cash (used in)/provided by investing activities	<u>(4,764,937)</u>	<u>(134,398)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	3,940,000	12,000,000
Share issue costs	-	(628,293)
Net cash provided by financing activities	<u>3,940,000</u>	<u>11,371,707</u>
Net increase/(decrease) in cash held	(2,074,268)	4,147,239
Cash and cash equivalents at beginning of period	<u>9,346,260</u>	<u>6,634,938</u>
Cash and cash equivalents at end of period	<u><u>7,271,992</u></u>	<u><u>10,782,177</u></u>

The accompanying notes form part of these financial statements.

# **Blackwood Corporation Limited**

**ABN 31 103 651 538  
and Controlled Entity**

## **Interim Financial Report**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

#### **NOTE 1: BASIS OF PREPARATION**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2011 have been prepared in accordance with requirements of the *Corporations Act 2001* and Accounting Standard AASB 134: Interim Financial Reporting.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Blackwood Corporation Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2011, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

#### **Going Concern**

The interim financial report has been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. Having carefully assessed the uncertainties relating to the likelihood of securing additional funding and the consolidated entity's ability to effectively manage its expenditures and cashflows from operations, the directors believe that the consolidated entity will continue to operate as a going concern for at least the next 12 months from the date of signing of this report and therefore it is appropriate to prepare the financial statements on a going concern basis.

In the event that the assumptions underpinning the basis of preparation do not occur as anticipated, there exists a material uncertainty whether the consolidated entity will continue to operate as a going concern. If the consolidated entity is unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements.

#### **NOTE 2: PROFIT/(LOSS) FOR THE PERIOD**

##### **Consolidated Group**

	<b>31.12.11</b>	<b>31.12.10</b>
	<b>\$</b>	<b>\$</b>

The following items are relevant in explaining the financial performance for the interim period:

Net gain on extinguishing liabilities	-	1,005,224
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#### **(a) Gain on extinguishment of debt**

The release of the company from the Deed of Company arrangement occurred during the prior period. In consideration for the extinguishment of all liabilities incurred prior to the release, the Company transferred all cash holdings to the Creditors Trust and issued 5,000,000 shares at 20 cents per share.

**Blackwood Corporation Limited**

**ABN 31 103 651 538  
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**Interim Financial Report**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

**NOTE 3: EQUITY ISSUED**

	<b>Consolidated Group</b>	
	<b>Shares</b>	<b>\$</b>
Issued shares at 1 July 2010	91,150,269	28,470,297
Shares issued under the prospectus	60,000,000	12,000,000
Capital costs associated with shares issued under the prospectus	-	(628,292)
Shares issued to the Trustee of the Creditors' Trust	5,000,000	1,000,000
Shares issued to Directors and Employees	4,200,000	840,000
Issued shares at 31 December 2010	<u>160,350,269</u>	<u>41,682,005</u>
Issued shares at 1 July 2011	160,350,269	41,682,005
Shares issued to Noble Group	24,700,000	4,940,000
Issued shares at 31 December 2011	<u>185,050,269</u>	<u>46,622,005</u>

On 21 December 2011, the company issued 24,700,000 shares to Janval Pty Ltd (a subsidiary of Noble Group). 19,700,000 shares were issued for cash at \$0.20 per share to raise \$3,940,000. 5,000,000 shares were issued at \$0.20 per share in accordance with the terms of the Technical Services Agreement between the company and Janval Pty Ltd. These shares were issued in accordance with Resolution 5 which was approved by shareholders at the Company's Annual General Meeting on 14 December 2011. Following the above actions, the Technical Services Agreement has been dissolved.

**NOTE 4: OPERATING SEGMENTS**

Based on the information provided to the board of directors, who are the chief operating decision maker, the Group operates predominantly in one operating segment being in the coal exploration industry in Australia. No revenue from this activity has been earned to date as the Group is still in the exploration and evaluation stage.

**NOTE 5: CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

During the period the Company became aware of a claim against the company in relation to a services agreement. The claim against the Company is for \$420,000. At this time, the Company is contesting the claim and is unable to reliably estimate the amount, if any, that will be ultimately payable to settle this matter. As such no amounts have been recognised in relation to this matter as at 31 December 2011.

Other than noted above, there has been no change in contingent liabilities or contingent assets since the last annual reporting date.

**NOTE 6: EVENTS SUBSEQUENT TO REPORTING DATE**

There have been no events that have arisen subsequent to the reporting date.

***Blackwood Corporation Limited***

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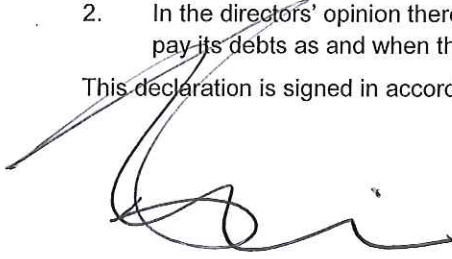
**Interim Financial Report**

**DIRECTORS' DECLARATION**

The directors of the company declare that:

1. The attached financial statements and notes are in accordance with the *Corporations Act 2001*, including:
  - a. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
  - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors.



.....  
Barry Bolitho  
Director

Dated this 2<sup>nd</sup> day of March 2012

## INDEPENDENT AUDITOR'S REPORT

To the members of Blackwood Corporation Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Blackwood Corporation Limited, which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the disclosing entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Blackwood Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



## Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Blackwood Corporation Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Blackwood Corporation Limited is not in accordance with the *Corporations Act 2001* including:

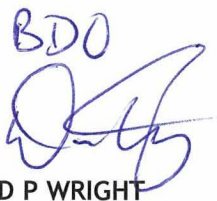
- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

## Material Uncertainty on Going Concern

Without modifying our conclusion, we draw attention to matters set out in Note 1 in the half-year financial report. The financial report has been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The ability of the consolidated entity to maintain continuity of normal business activities and to pay its debts as and when they fall due, is dependent upon the successful raising in the future of necessary funding and/or the successful exploration and subsequent exploitation of its areas of interest through sale or development.

No adjustments have been made to the carrying value of assets or recorded amounts of liabilities should the consolidated entity's plans not eventuate.

## BDO Audit (QLD) Pty Ltd



BDO

D P WRIGHT

Director

Brisbane, 2 March 2012